

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3698-01  
BILL NO.: HB 1452  
SUBJECT: Revenue Dept.; Taxation and Revenue-General-Income-Victims of Crime  
TYPE: Original  
DATE: February 1, 2000

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials of the **Department of Revenue (DOR)** state this legislation allows a subtraction from federal adjusted gross income for amounts received as reparations or restitutions by the victims of Nazi persecution, for returns of tangible or intangible property seized or lost as a result of Nazi actions, for payments of insurance policies purchased by victims of Nazi persecution and for any accumulated or accrued interest on such amounts, returns or payments. This subtraction is effective January 1, 2000.

The number of taxpayers eligible for this subtraction is unknown at this time. The Division of Taxation will need one temporary tax season employee (a cost of \$6,067) for every 260,000 returns filed with this subtraction and one Tax Processing Tech I for every 3,000 pieces of correspondence received regarding the subtraction. The Division of Taxation will also need one Tax Processing Tech I for every 30,000 errors generated by this legislation.

This legislation will require modifications to the individual income tax system. The Division of Taxation estimates these modifications, including programming changes, will require 1,384 hours of overtime at a cost of \$41,617. Modifications to the income tax returns and schedules will be completed with existing resources. State Data Center charges will increase due to the additional storage and fields to be captured. Funding in the amount of \$9,007 is requested for implementation costs and \$4,243 for on-going costs.

Officials of the **Department of Social Services (DOS)** state this proposal would duplicate part of an existing program. Per PL 103-286 (H.R. 1873); August 1, 1994 entitled "Nazi Persecution Victims Eligibility Benefits". Section 1 (a) states "In General - Payments made to individuals because of their status as victims of Nazi persecution shall be disregarded in determining eligibility for and the amount of benefits or services to be provided under any Federal or federally assisted program which provides benefits or services based, in whole or in part, on need."

This proposal states amounts received by, and returns and payments to, an individual shall not be considered income, resources or assets when determining the amount of, or eligibility for, any public assistance, benefit, entitlement or tax relief to such individual pursuant to any state or state assisted program.

Since Nazi reparations are currently disregarded when determining eligibility for any federal or federally-assisted programs, typically the same exclusionary process would be applicable in

ASSUMPTION (continued)

instances such as in this proposal, where no state law exist. DOS assumes this proposal would not fiscally impact their agency.

**Oversight** assumes, for purposes of this fiscal note, that the number of taxpayers eligible for this subtraction is unknown. The amount of the reparation or restitution is unknown. Therefore, Oversight will reflect the revenue impact of this proposal as a unknown loss to the General Revenue Fund.

**This proposal could result in a decrease to Total State Revenues.**

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**GENERAL REVENUE FUND**

<u>Loss to General Revenue Fund</u>			
Reparations Exemption	(Unknown)	(Unknown)	(Unknown)

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This bill allows the following as a deduction for state individual income tax and allows an

individual to not include them in determining eligibility for any public assistance, benefit, entitlement, or tax relief:

(1) All amounts received as reparations or restitution for loss of liberty or life or damage to health by the victims of National Socialist (Nazi) persecution; (2) Returns of tangible or intangible property seized, misappropriated, or lost as the result of National Socialist (Nazi) actions or policies and any cash values in replacement of the property; (3) Payments of insurance policies purchased by the victims of National Socialist (Nazi) persecution; and (4) Any accumulated or accrued interest on the above amounts, returns, or payments. To qualify for the income tax deduction, the taxpayer must be the actual victim, spouse, or descendant of the victim of National Socialist (Nazi) persecution. These provisions will apply to tax year 2000 and thereafter.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services  
Department of Revenue



Jeanne Jarrett, CPA  
Director  
February 1, 2000